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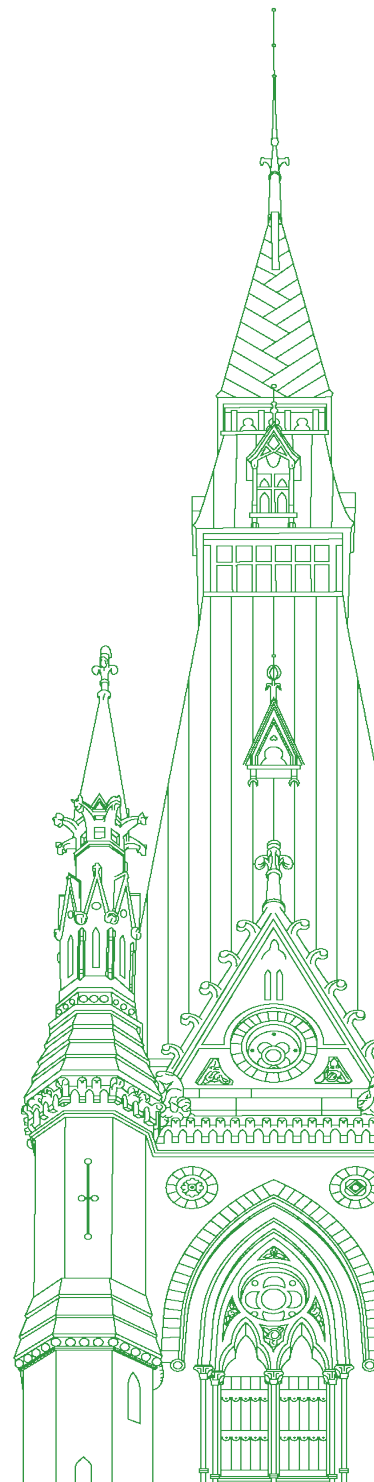
Standing Committee on Natural Resources

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Chair: Terry Duguid



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• (1100)

[English]

The Chair (Hon. Terry Duguid (Winnipeg South, Lib.)): Colleagues, I'd like to call this meeting to order.

Welcome back, everyone. I hope you had a great week connecting with your communities, with your constituents.

Let me acknowledge, as we always do, that we are meeting on the unceded territory of the Algonquin Anishinabe nation.

Welcome to meeting number 46 of the House of Commons Standing Committee on Natural Resources. Today's meeting, as you know, is taking place in a hybrid format, pursuant to the Standing Orders. Members are attending in person in the room and remotely by using the Zoom application.

I'd like to remind participants of the following points: Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mic, and please mute yourself when you are not speaking. For those on Zoom—and we have three Zoom witnesses today—at the bottom of your screen you will see the selection for the appropriate channel for interpretation: floor, English or French. For those in the room, you can use the earpiece and select the desired channel. I remind you that all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the “raise hand” function. The clerk and I will manage the speaking order as best as we can, and we appreciate your patience and understanding in this regard.

Colleagues, if I could, I'll just give you a bit of an update. This is our last meeting on the energy security study. At the next meeting, as I think you already know, we will be giving drafting instructions to our amazing analysts. For the second hour, we will be in camera for committee business. We have a number of matters to discuss, including topics for new studies. We look forward to getting everyone's input on that and to having a good conversation on where we go next.

The forestry report draft, which we've been anticipating and our analysts have been working very hard on, is being sent to all of us tomorrow, I think. You'll have this week and the following constituency week to take a look at that, to dive in and to come back with your thoughts. Then we'll launch right into the forestry study. We'll be interested in your recommendations and your thoughts on the draft. We never know how long those will take, but we'll take as much time as we need.

Laura, for the energy export study, are we thinking November sometime?

• (1105)

Laura Carter (Committee Researcher): I believe so, yes.

The Chair: We may, again, get another week to dive in on that during the Remembrance Day break.

That was a bit of an update before we launch into today's proceedings.

Pursuant to Standing Order 108(2) and the motion adopted by the committee on Thursday, April 23, 2026, the committee is resuming its study of Canada's electrification, energy self-sufficiency and domestic energy security.

I'd like to welcome our witnesses. We have, from the Canadian Association of Petroleum Producers, Lisa Baiton, president and chief executive officer; from Indigenous Clean Energy, James Jenkins, president and chief executive officer; and, from my home province, Dave Bowen, president and chief executive officer of Manitoba Hydro.

All witnesses appearing virtually have conducted a mandatory witness onboarding test.

I'd like to make a few comments for the benefit of the new witnesses. I think you already heard my spiel. Do wait for me to acknowledge you before speaking and, again, address all comments through the chair. You will each have five minutes for your opening remarks, after which we will open the floor to questions.

Ms. Baiton, we're going to start with you. You have the floor for five minutes.

Lisa Baiton (President and Chief Executive Officer, Canadian Association of Petroleum Producers): Good morning.

Thank you, Mr. Chair and members of the committee, for the opportunity to once again appear before you today and contribute to your study.

Since the launch of this study, much has transpired, so I'm going to focus my comments today on energy security.

First, there are some lessons we can learn from what others globally have been experiencing.

Russia's invasion of Ukraine demonstrated that concentrated dependence for energy can become a critical vulnerability. Despite a monumental effort to pivot to other supplies and suppliers, energy security in Europe remains in jeopardy. The U.S.–Iran conflict demonstrates that even resource wealth does not provide strategic autonomy. The gulf states, with their massive energy resources, are in crisis with the closing of their major shipping routes.

Countries around the world are learning lessons on the importance of energy security. The response has not been economic separation from other nations and a retreat to domestic supply. The lesson really has been all about resiliency: multiple energy suppliers, alternative transport routes, stronger industries and broader diplomatic partnerships.

The future of energy security will be determined not only by those who have abundant oil and natural gas resources and can sell at the lowest cost but also by those who can reliably bring the product to global markets. What customers are looking for is trust, and that places Canada in a really enviable position. As other countries seek to develop their energy security and identify trusted partners, the world is turning to Canada for its energy security needs.

Canada possesses some of the largest untapped oil and natural gas reserves in the world. We have a highly skilled workforce and world-class companies with decades-long track records of responsible operations and growth. We have a model of indigenous participation in resource development, and that's viewed as a global benchmark. It's creating partnerships that deliver long-term economic benefits to communities while advancing meaningful economic reconciliation.

Canada is becoming an LNG exporting power. The first phase of LNG Canada staked out a position for Canada in the global LNG market, while the second phase of the project, along with Cedar LNG, Woodfibre LNG and Ksi Lisims LNG, represents the next wave of investment and growth. In recent offtake agreement announcements for the Ksi Lisims project, the CEOs of the U.K.'s Centrica and Germany's Uniper both cited Canada's reputation as a stable and reliable energy partner as a reason for their investments.

Canadian oil has a similar story.

Growing demand, combined with increased concerns about energy security, is driving sustained investment in Canadian oil. The Japanese prime minister recently celebrated her country's first shipment from the Trans Mountain pipeline by declaring, "This procurement of crude oil is a concrete success story of cooperation between Japan and Canada in the field of energy security...and it is a matter of great joy".

Geopolitical storms have created our opportunity, and the trade tensions with the United States are really driving Canadian public support for action. An Ipsos poll earlier this year showed that a staggering 83% of Canadians support growing oil and natural gas exports to customers outside the United States.

Canada's answer to energy security is to build.

I've spoken a lot about projects in western Canada, but last week I was in Atlantic Canada, where Nova Scotia and New Brunswick are taking steps to restart their oil and natural gas industries. In

Newfoundland and Labrador, Equinor is nearing a final investment decision on its Bay du Nord project, which could be Canada's next big source of oil production growth. Recently, Quebeckers have been considering the future of natural gas in their province.

The government's recent direction really recognizes both the scale of the Canadian opportunity and the urgency of Canada acting on it.

The productivity mega deduction; amendments to the physical activities regulations removing specific types of energy projects from the Impact Assessment Act project list; measures introduced in Bill C-39, the building Canada strong act; and the designation of the Pacific link pipeline as a project of national interest all represent meaningful progress towards improving Canada's competitiveness, accelerating major-project delivery and narrowing the investment gap with the United States.

Taken together, these changes send a strong signal that Canada is back and Canada is serious about building.

• (1110)

The scale of the opportunity before Canadians is national, and realizing it will require alignment and ambition from coast to coast. Canada has always been at its best when governments, industry, indigenous communities and workers are moving forward with a shared objective.

Thank you for giving me the opportunity to present to the committee today.

The Chair: Thank you, Ms. Baiton.

We're going to go on to Mr. Jenkins for five minutes.

Mr. Jenkins, please go ahead.

James Jenkins (Executive Director, Indigenous Clean Energy): Thank you, Mr. Chair and members of the committee.

Indigenous Clean Energy is an independent not-for-profit organization. We support capacity building, career training and mentorship for Inuit, Métis and first nations in the clean energy sector, and our programs are present in every region of the country.

Our intent is to ensure that this committee and government are informed of the proven impacts of indigenous participation and leadership in the energy sector and the importance of more efficient and tailored supports for diverse contexts.

Our mission at Indigenous Clean Energy is to achieve a collaborative, community-driven clean energy future, led by indigenous peoples. Our vision is an energy future that leaves no one behind. Understanding the co-operative approach of government, the time is now to integrate priorities and supports across jurisdictions and contexts.

I would encourage you to review the national survey that we published in May. It is called “Regenerative Energy”, and it highlights the growing and accelerating role of indigenous communities and businesses in ownership of the clean energy sector. We're tracking over 250 medium-sized to large clean energy projects that are post-construction, as well as another 100 projects that are either far into the planning process or under construction. The level of indigenous equity continues to grow each year, and with the new phase of construction, we're seeing more indigenous ownership and an exponential growth curve in the number of projects.

Today we're looking at the government's goal to catalyze energy infrastructure development and recognizing that this requires local capacity. Looking back at the number of federal programs that have been utilized by indigenous proponents for capacity, we see that the track record has been fairly positive. A key development is that many of these programs are sunseting in this fiscal year, in March 2027, so the upcoming federal budget will be a very key turning point.

In terms of our programs, we find that our national capacity-building and mentorship programs are consistently oversubscribed and that there is high demand for region-specific connected programming. This was highlighted in a number of directional gatherings that took place across the country last year.

The conclusions and recommendations from our national survey are in three parts. We have three buckets of recommendations to continue to accelerate the indigenous role in the clean energy sector moving forward.

One of them is to review the funding and targeted programs that have been available from the federal government and to renew those programs that have been most effective. We have some recommendations in our report, but grant-based programs that are able to be utilized in early-stage project development have been very effective. We find that this is the highest-risk phase of both community-focused and utility-scale projects.

We're also recommending further investment in healthy energy housing. Indigenous housing is an area where there could be a very high return on investment for energy savings, dollar for dollar, and it has very positive social and health outcomes as well.

We've also identified the importance of a northern remote communities fund, with some of that funding currently under review. It has been enormously important for growing the capacity of indigenous communities in remote locations and in the territories. We also have some recommendations with regard to a continued focus on job skills and training.

Finally, we have a number of recommendations regarding technical and system supports. There's a growing role for indigenous communities and businesses in the larger grid system in electricity

systems planning, so we want to make sure that there is enough capacity for that role to be meaningful.

We're also seeing a growing role in Canada's global partnerships and the role that indigenous communities in Canada have taken in becoming leaders on the global stage, demonstrating how indigenous leadership in clean energy can take place in a meaningful way. We're recommending further growth in that area.

Renewable energy microgrids are one of the three main areas and opportunities that we would like to highlight. We are starting to see some successful combined battery and renewable storage microgrids in places like Labrador, Nunavut and Yukon. We would like to highlight the potential for those, and also the passion and willingness of those communities to move these kinds of projects forward.

● (1115)

As well, grid-connected renewable energy projects of medium size, about 50 megawatts, will be increasingly important in such places as the Atlantic region, the west and the north.

Finally, there is community-scale energy efficiency, where there is the potential to significantly reduce costs and electricity consumption while also providing all those other benefits to social and health outcomes.

The Chair: Thank you, Mr. Jenkins.

Mr. Bowen from Manitoba Hydro, you have five minutes.

Dave Bowen (Vice-President, Asset Planning and Delivery, Manitoba Hydro): Good morning, Mr. Chair and members of the committee. Thank you for the invitation to appear today.

My name is Dave Bowen. I'm a vice-president at Manitoba Hydro.

Canada's energy transition presents significant opportunities and practical challenges. We must balance affordability, safety, reliability, economic development, indigenous reconciliation, socio-economic impacts and environmental outcomes. These trade-offs shaped our most recent integrated resource plan, or IRP, and the recent general rate applications. Although not yet endorsed by our provincial government, our IRP balances reliability, affordability and environmental and socio-economic outcomes while supporting Manitoba's path to net zero.

I'd like to focus on a few areas where Manitoba's experience may help inform the committee's work.

The first is clean electricity technologies. Manitoba starts from strength. Roughly 97% of our generation is hydroelectric, providing some of Canada's lowest-emitting electricity, but demand growth and competing objectives mean that the next stage requires a portfolio of technologies. Our recommended plan within our IRP begins with efficiency and demand shifting to reduce peak-driven system expansion. It also includes up to 600 megawatts of indigenous majority-owned wind, enhancements to existing hydro assets, a small-battery pilot and 750 megawatts of combined combustion turbines initially fuelled by natural gas but with the potential use of renewable fuels as technologies and supply chains mature.

Natural gas remains critical for reliable and affordable home heat. On the coldest days in Manitoba, the gas system delivers one and a half times the electric system's capacity, accounts for 5% of Manitoba's GHG emissions from home heat and carries about one-fortieth of the electric system's debt. We cannot neglect this critical resource in the energy transition. We must, therefore, address peak-system needs and not simply substitute one energy source for another.

Second, Manitoba is winter-peaking, with energy demand about 40% higher in winter. Hydro generation averages about 32 terawatts an hour, but can range from a low of about 20 terawatt hours in severe drought to more than 40 terawatt hours in high-flow years. The operational challenge is dependable energy and capacity on the coldest days, not annual energy alone, and our dependable capacity surplus is shrinking. Meanwhile, we must meet NERC and MISO requirements. At the same time, our generating assets need life extension, and transmission and distribution infrastructure needs renewal. Tightening capacity margins makes the outages required for this work harder to schedule and increases customer risk. The response is an integrated one: conserve energy, manage peaks, sustain existing assets, modernize the grid and add capacity when needed.

Third, governments can strengthen economic development and Canada's energy security through the electrification supply chain. Utilities nationwide procure similar equipment, such as transformers, switchgear and circuit breakers, creating opportunities to align electricity investment with domestic economic development. There's an even bigger opportunity when we couple electricity investment with economic development.

Fourth, utilities are essential to Canada's net-zero objectives, but they cannot deliver them alone. Utilities should help develop practical solutions across electricity and natural gas systems, while governments, businesses, educators, skilled trades and customers coordinate implementation. Electrification should target the highest economic and environmental value. In Manitoba, transportation is a logical starting point.

A fifth point is that affordability and financial capacity matter for both Manitoba Hydro and its customers. Renewing this system while preparing for growth requires major investment. Federal programs are most valuable when they improve reliability, affordability and sustainability for utilities and customers.

Finally, energy security does not necessarily mean energy isolation. Manitoba has benefited from interconnections, particularly with the U.S., where intertie capacity is nearly seven times the

combined capability with Ontario and Saskatchewan. These links support lucrative exports during surpluses and vital imports when conditions require. Additional interprovincial connections may improve energy security, but their business cases must resolve who pays when the benefits are regional or national rather than confined to one utility's customers.

I would be remiss not to mention our biggest constraints—people and capital. We need a specialized workforce and the financial capacity for large, long-lived investments. We need alignment among governments, regulators, utilities, indigenous partners and industry on the highest-value investments.

● (1120)

For Manitoba Hydro, success means a safe, reliable and affordable energy system that improves sustainability, advances reconciliation and enables economic growth towards a net-zero future. Utilities, governments, industry and customers must pursue these objectives together.

Thank you.

The Chair: Thank you, Mr. Bowen.

Thanks to all our witnesses for the presentations. We will now go to questions and comments.

We'll start with you, Mr. Kelly, for six minutes.

Pat Kelly (Calgary Crowfoot, CPC): Thank you.

My first question is for you, Ms. Baiton. It says on your website, "We heard loud and clear this week...that Canada must move faster to advance projects that can get our oil and natural gas to global markets and seize a once-in-a-generation opportunity to make Canada a true energy superpower." You were referring to something that I think the head of the International Energy Association said.

Where do we get this "once-in-a-generation"? What about the last 11 years, when we could have been building major energy infrastructure, including, for example, the pipeline that this government cancelled within the first month it was elected in 2015?

• (1125)

Lisa Baiton: Thank you for the question. The answer to Canada's energy security is to build and to grow our production and exports and global customers, just as other countries are looking to diversify supply. You know, Canada is now meeting the moment in diversifying our customers. We have come a long way in the last couple of years. The government's recent direction recognizes both the scale of this opportunity and the urgency of acting on it.

The next test will really be on execution—clear implementation, efficient and predictable approvals, and achieving that expanded market access. Importantly, a durable policy across all governments will really be critical to converting that momentum into more projects, jobs and prosperity.

Pat Kelly: A durable situation, a durable set of regulatory approvals.... I would think a durable one wouldn't rely on ministers having to hand-pick or cherry-pick which projects they refer to the Major Projects Office. Would it not be better to just peel away and get rid of all the regulations and laws they passed before that rendered it impossible to get a major project approved? Would that not give investors better regulatory certainty?

Lisa Baiton: I think two things can be true at the same time. I think it's really important that, after a lost decade, we can demonstrate to the global capital markets that we can put points on the board. It really is important to have major projects the world can see that demonstrate that Canada is back in the business again.

You mentioned the head of the IEA and his recent quote when he came to Canada. It was his quote, not mine, on the generational opportunity. I think what he said was that Canada has a reputation for being one of the most reliable and trusted trading partners in the world, but he also said that Canada has a reputation for being slow to act and slow to build, and if we miss this opportunity this time, it's a generational opportunity that will be lost. Those aren't the exact words, but that's the thrust of it.

I think it's really terrific. I cited a lot of those major projects in my opening remarks. It's really important for the global capital markets—

Pat Kelly: I have only a little bit of time left and I have many questions.

Lisa Baiton: Okay. I'll just quickly say that regulatory certainty across the board absolutely will be the second thing that's also true. We do need the regulatory to be stable through multiple decades. People are going to deploy large-scale, long-dated capital in the billions of dollars, and they need certainty across decades.

Thank you.

Pat Kelly: Right. I did support Bill C-5—talking about doing two things at once—because we need to have some kind of a path forward, but it would be better, in my view and the view of many, to actually repeal the laws that prevent projects from getting built.

Perhaps I can ask about the investment gap, as you mentioned, during this lost decade that I think we can both acknowledge has happened. Can you describe the scale of this? Can you describe the investment deficit or the gap between what's invested in oil and gas in Canada and the United States or other competing producers?

Lisa Baiton: What I would say is that we have some catching up to do, but I've listed a lot of things that have happened, even in the last year, which are profoundly helpful. Bill C-39 is a significant step towards providing speed, certainty and predictability to build major projects in Canada. Any measures to streamline federal reviews, establishing—

Pat Kelly: I have only a few seconds left. I need a quick yes or a no. Have any major projects actually been approved yet?

Lisa Baiton: We've just seen the Pacific link pipeline added to the major projects list. We've had LNG Canada 2 reach FID last week, which was profound. On the offshore, we're hoping to get to first production on west White Rose in 2027, and, hopefully, FID also—

• (1130)

The Chair: Thank you both.

Mr. Hogan, you're up for six minutes.

Corey Hogan (Calgary Confederation, Lib.): Thank you, Chair.

Thank you to the witnesses.

I'm always glad when there's a Calgarian on the panel, so thank you, Ms. Baiton, for being that Calgarian today.

On October 1, the government declared the west coast oil pipeline, now known as Pacific link, a project of national interest. It's an exciting project, celebrated by the Premier of Alberta, communities across Canada and, of course—as I know—many people in this room, as my colleagues across the way had asked for this in a motion on June 2. At the time, we'd said it was already the government's intent but that Alberta had not yet submitted a proposal. They have. We reviewed it. We accepted it. There will be shovels in the ground this year, so I think that is something we can all be excited about.

It is, of course, part of a broader MOU that commits the governments of Canada and Alberta to a number of additional actions—including reaching net zero by 2050, meaningful methane reductions, an industrial price on carbon backed by contracts for differences, significant investment in carbon capture—creating that durable foundation for both conventional and renewable energy projects that we seek.

Last week also saw final investment decisions on LNG Canada phase two. The week before, it was the introduction of Bill C-39, the building Canada strong act, which we've already been talking about. This just continues on a list of projects, many of which are already under construction, such as sunrise and Coastal GasLink. It's an exciting time for energy in Canada and energy security.

Ms. Baiton, in thinking about energy self-sufficiency and domestic energy security, you said that the scale of the opportunity is national, and I do agree. The national opportunity is driven by international demand and, as you said, our reputation as a trusted supplier.

Mr. Bowen, you talked about the security opportunity that integration with the United States unlocks.

I wonder whether you can both expand on the intersection, opportunities, tensions and risks between international opportunities and domestic energy security.

Ms. Baiton, maybe we can start with you.

Lisa Baiton: Sure, and I'll recap some of the remarks I've made prior to this.

I think there's been a real wake-up call, globally and geopolitical, about how critical energy security is to our continental security, to our national sovereignty, to our domestic energy security and to our economic security. You've seen that in public opinion. You've really seen a profound understanding, in real time, of what that looks like.

The response by team Canada, federally and provincially, to really ensure that we protect our sovereignty and our energy security... It's time to build and grow our production and our exports and meet that global demand. We're really starting to see some pretty significant milestones in taking down the regulatory and fiscal stack that was repelling capital over the last decade. There's still a lot more to do, but it's profound. It's a major step forward in rebuilding that investor confidence and getting people to look at Canada again.

Corey Hogan: Mr. Bowen, what are your thoughts on the integration and how integration might present both opportunities and risks to energy security?

Dave Bowen: In the Manitoba context, I think we're similar to other major hydro provinces. We've had interties with the U.S. for the better part of three decades. I noted that with the predominantly hydro system, there's almost a range of...low to high is about a factor of two.

The marketplace in the U.S. is probably 10 times larger than the marketplaces to the east and west of us, and there are different products that are available, such as diversity agreements. In the U.S., for MISO, there's summer peaking or winter peaking. We have an exchange—basically, about one-tenth of our system is in diversity contracts. It's a free issuance of megawatts to the U.S. in the summertime, and then we get those megawatts in the wintertime. There are huge benefits to that. Energy security is a real issue we need to think about, but we would be remiss to dismiss the U.S. relationship and the value it provides for us, both for affordability and reliability in the future.

When we think about interties to Saskatchewan and Ontario, the interties that we've developed over the years have had a generation play with the transmission play. When we think about how we make that work for Canada, we should be thinking about those same things in the future.

• (1135)

Corey Hogan: Thank you.

I think the integration of electricity is similar to the integration of crude and petroleum products. There is a lot of north-south connection that both countries have benefited from.

Ms. Baiton, you talked about being a model of indigenous participation and how Canada is viewed as that. I'm hoping that you can expand on that, on what that looks like and how it might support energy security.

Lisa Baiton: Absolutely. As I said, Canada is a global model to follow with natural resources, and oil and gas in particular. From our perspective, indigenous partnerships and participation are integral to the success of oil and gas projects.

The industry has worked for many years to be a strong partner in indigenous economic reconciliation. We're very proud of where we're at today and the future partnership opportunities that are going to enable us to be a reliable and stable provider of energy to the world, but that relationship started with being the largest employer of indigenous people. It then morphed into being the major facilitator and supporter of indigenous-owned supply chains, and then it morphed into being a really important source of private equity ownership in actual industry projects, whether that's pipelines, tank farms, power plants, LNG terminals and more.

The Chair: Thank you. I'm going to have to stop you there and move on to Mr. Simard.

[Translation]

Mr. Simard, you have six minutes.

Mario Simard (Jonquière—Hébertville—Pays-des-Bleuets, BQ): Thank you, Mr. Chair.

I'd like to note for my colleague Corey, whom I hold in high regard, that he was speaking a little quickly earlier. That's difficult for the interpreters.

Corey Hogan: Point taken.

Mario Simard: I'm glad you're with us today, Ms. Baiton. Perhaps you'll be able to shed some light on this for me. When we talk about Canada's role in energy security, I see a few inconsistencies that I'd like to explain to you.

If we look at Canada's energy exports, 75% to 80% of all Canadian exports go to the United States. Looking specifically at crude oil, 91% of Canadian exports went directly to the United States in 2025. We're in a trade dispute with the Americans, and oil is not subject to tariffs. I fail to see how building new infrastructure can help us in that trade dispute. Quite the contrary. If we look at who owns the major oil companies, we find that American companies retain 60% ownership. If we look at the profits these companies generated from 2021 to 2024, we're talking about \$131 billion in profits and \$80 billion in dividends, most of which went to the United States. That's a capital outflow of roughly \$12.5 billion.

When I see the federal government investing in oil and gas infrastructure, I tell myself that this is not being done to the benefit of Canadians, and even less so to the benefit of Quebecers, but rather to the benefit of Americans. I even have difficulty understanding the economic model you're operating under, because you're making record profits.

This year, Cenovus will have earned profits four times higher than it earned in 2024. You're making record profits, yet no oil company wants to pay for the infrastructure. The Pacific Link pipeline, once again, comes with a price tag of \$43 billion, but nobody from the oil and gas sector is stepping up to pay for that infrastructure.

I'm trying to make sense of all this. I see investments that primarily benefit Americans in the context of a trade dispute involving a non-tariffed product, namely oil. The United States receives 90% of our oil exports. We're going to pay for their infrastructure, they're making record profits, and I'm having trouble seeing anything positive in that.

I'm glad you're here. Perhaps you'll be able to change my mind.

[English]

Lisa Baiton: Let me start with your first question on the United States. I would just say this again: Two things can be true at the same time. Canada should absolutely be pursuing a parallel path to diversify our access to more global customers. The more countries that come to rely on Canadian energy, the more it enhances our geopolitical standing, strengthens our hand in negotiations and strengthens our own economic security and economic sovereignty.

However, even with all the uncertainty, threats and trade challenges being caused by the Trump administration, we really have to recognize that the U.S. is the largest oil and natural gas consumer on the planet, that it will remain that and that it is, by far, Canada's largest customer. We've traded energy virtually tariff-free for nearly 150 years. Our companies operate seamlessly across the border. Our energy infrastructure has been built over that century. Pipelines, refineries, power plants and export facilities have deliberately been highly interconnected because of that century-long relationship. For this reason, the U.S. will remain a major destination for Canadian oil and natural gas far beyond the Trump administration's time in office, and we strongly support the continuation of the tariff-free oil and natural gas trade between Canada and the U.S. because the current system does benefit Canadians.

• (1140)

[Translation]

Mario Simard: Thank you.

Your answer suggests that, in the near future, the United States will remain our largest export market for energy. When people argue that we need to invest in oil and gas infrastructure to free ourselves from dependence on the Americans, in reality, that argument is a bit of a sham, because ultimately the United States will still be our principal energy partner.

[English]

Lisa Baiton: No, it's not.

[Translation]

Mario Simard: If you can prove otherwise, I'm all ears.

Does your association have any figures? Do you have targets when you say we need to wean ourselves off American customers? Do you have targets for increasing exports elsewhere and reducing that alarming ratio whereby 90% of our crude oil exports go to the United States? Do you have targets involving Europe, for example, to bring that figure down to 50%, or something along those lines? Is that the kind of thinking your association is engaged in?

[English]

Lisa Baiton: Again, I'll just say that Canadians can walk and chew gum at the same time. North American energy security is directly tied to Canadian national and continental security. Maintaining or growing energy trade with the U.S. strengthens Canada's hand in economic negotiations.

In parallel, the world is coming to Canada as a reliable, secure and trusted source of energy. Making sure that we can meet that demand not only benefits Canada and Canadians economically but also ensures that our allies have access to oil and natural gas—direct access, without having to go to the U.S.—so both are incredibly important.

The Chair: Thank you both.

We're going to start our second round, colleagues, and we're going to start with Mr. Patzer for five minutes.

Mr. Patzer.

Jeremy Patzer (Swift Current—Grasslands—Kindersley, CPC): Thank you very much, Mr. Chair.

I'm just going to start with a few questions for Manitoba Hydro.

Could you just let this committee know where you export electricity to from Manitoba?

Dave Bowen: We export to the U.S., Saskatchewan and Alberta. There are two products. There's a firm, dependable product that's typically in two-year to five-plus-year term sheets. Also, there's a spot-market product. This largely goes to the U.S., but a little bit does go to Ontario as well.

Jeremy Patzer: Where do you import electricity from?

Dave Bowen: We import it primarily from the U.S., but there could be a little bit from Ontario and a little bit from Saskatchewan.

Jeremy Patzer: You faced some pressures on your system because of low water levels in Lake Winnipeg. What did that do to your grid here over the last year or two?

Dave Bowen: We've had three droughts and four low-water years in the last five years. We have both an energy product and a capacity product. Energy is that all our light bulbs are running kilowatt hours. Capacity is that every light bulb is on for an instantaneous moment, and we need to handle that moment. In wintertime in this last year, in January, we imported a record amount from the MISO market in the U.S. We do cycle our plants to take advantage of pricing, but we did import a lot. Keep in mind that we have an energy criteria that we can handle the lowest flood in over 100 years, but for economic reasons and to help us through the drought, we did rely on the U.S.

• (1145)

Jeremy Patzer: Okay.

If some major industry came to you today and asked to put in, say, an AI data centre or place some kind of large-scale draw on your system, would you be able to handle that capacity?

Dave Bowen: We have about 200 to 300 megawatts of additional capacity. We have a need date for new resources in 2030, and that's for the whole province. If it were larger than probably 20 to 50 megawatts, we would need new generation.

Jeremy Patzer: Do you have new generation earmarked? I think there's an expansion for natural gas in Brandon—

Dave Bowen: That's correct.

Jeremy Patzer: —and one in Selkirk as well. Is that still happening?

Dave Bowen: As part of the IRP, the integrated resource plan, yes, we have new generation earmarked. For 2030, our new CTs will come online.

Jeremy Patzer: Okay.

I'm going to switch to Ms. Baiton for a little bit here.

Under the current agreement between the federal government and Alberta on the industrial carbon price, the cost of a barrel of oil for production in the oil sands, and this is in U.S. dollars, mind you, is about \$58 a barrel. With a \$95-a-tonne carbon pricing agreement with the feds, that's going to jump to \$75 a barrel, and it could go up from there when the carbon price reaches \$140 a tonne.

Are you hearing concerns from industry about that added cost that isn't being applied to other competing jurisdictions?

Lisa Baiton: I would say the new industrial carbon tax plan improves on earlier proposed versions, yet it still represents a significant and unique cost to Canadian oil and natural gas producers. If

growing Canadian energy exports is our goal, we should not be adding costs to Canadian natural gas and oil production when no other country that we directly compete with has done so.

Jeremy Patzer: I was just looking at a graph produced in The Hub. It shows Alberta's tax burden versus that of the United States. It has the U.S. at between 15% and 16%. It has all the Alberta oil sands at 76% and Alberta's conventional oil at 49%.

When you see a massive tax discrepancy like that between Canada and the United States, particularly given what the Liberal government is doing to our producers, how are our producers going to be able to compete?

The Chair: Give a quick answer, if you could, Ms. Baiton.

Lisa Baiton: The quick answer is that we have come a long way in the last year with some pretty significant regulatory and fiscal changes. We're not there yet. If we really want to compete for global capital, as I said in my opening remarks, there should be alignment with governments across the country to make sure that we have the most competitive regulatory and fiscal frameworks to bring that capital to Canada.

The Chair: Thank you both.

Mr. Guay, you have five minutes.

Claude Guay (LaSalle—Émard—Verdun, Lib.): Thank you, Mr. Chair.

Ms. Baiton, it's good to see you again. The first question is going to go for you.

We've talked a lot about major projects from an export perspective on the LNG side: Woodfibre, LNG Canada phases one and two, Cedar, Ksi Lisims—the list is long. On the oil side, as you pointed out, we just announced Pacific link and there's the upgrade to TMX, so a lot is being done from an export perspective.

Meanwhile, for the last few years, many of your members have been busy reducing debt, buying shares back and receiving dividends, but they have not been so busy on the investment side.

When we talked about investors, you said earlier that certainty is one of the things they need. You highlighted the mega deduction, which should be an amazing incentive for capital investment. You haven't made comments yet, but I hope you will, on Bill C-39, the building Canada strong act, which is really about providing certainty. Talk to us, please, about the environment from a production perspective. While I think we have a great strategy from the perspective of exports and the facilities, I want to know more about where your members sit on the production side of investment.

• (1150)

Lisa Baiton: Let me start by saying that Canada attracts investment from global capital markets due to the fact that we have high-quality oil and natural gas resources and the ability among Canadian workers to develop them responsibly.

To your question, CAPP member companies are both private and publicly traded. There are large and small oil and natural gas producers that operate in Canada, employing Canadians and generating billions of dollars in government revenues to underpin our health care system, our schools and the social programs on which Canadians rely.

I would also like to point out that there are no direct subsidies on the production or consumption of oil and natural gas in Canada, and that, through taxes and royalties, Canadian oil and natural gas producers have generated \$116 billion for governments across Canada in just the last three years alone. Again, those dollars support our health care system, our schools and the social programs on which Canadians rely.

There are instances where it may make sense for government and industry to partner on investments: for example, in the emerging and scaling of new technology. We've talked about carbon capture a lot over this past year, and that's where partnership may make sense to help build a new industry in Canada, to create new jobs and to have that new industry and technology exported to the world.

Claude Guay: If you don't mind, can you...? Have we created the right environment? It sounds like we have a lot of capacity to export. Are we going to fill those pipelines? Are we going to fill those LNG export facilities? That is where I would like you to give us some clarity.

Lisa Baiton: Canada's largest competitor for upstream oil and gas capital and investment is still the United States. I talked about it in my opening remarks, but the productivity mega deduction closes a significant competitive gap between our two countries in terms of capital cost expensing. With that change, along with recent amendments for oil sands projects in the Impact Assessment Act and the build Canada strong act, Canada is now taking a significant step forward in improving the competitiveness for the oil and natural gas industry and toward becoming one of the best places in the world to invest in energy as we become the world's next energy superpower.

There's still more to do. There have been a lot of terrific announcements, but there's still a lot of work under each of those announcements to make them real. Also, then, as I said to one of your colleagues about a moment ago, we still should look at the entirety of the Canadian federal, provincial and municipal fiscal and regulatory stack, put our heads above the parapet and be unafraid to look

at how Canada, cumulatively, is competing for capital with other places where that capital could be deployed around the globe.

The Chair: Thanks to both of you.

Claude Guay: Thank you.

The Chair: That's your time, Mr. Guay.

[Translation]

Mr. Simard, you have the floor for two and a half minutes.

Mario Simard: Thank you very much, Mr. Chair.

In response to my colleague's question, Ms. Baiton, you just touched on the benefits generated by the oil and gas sector and stated that there are no direct subsidies to the oil industry.

Generally speaking, when assessing the contribution of an economic sector, a form of cost-benefit analysis can be conducted. Not long ago, I believe representatives from Unifor appeared before the committee and pointed out that, when one looks at oil production trends, production has increased significantly, but the number of jobs associated with that production has not increased at the same rate. That suggests that, as the sector becomes more efficient, or rather the people in the sector become more efficient, companies are likely investing in automation and process improvements, which I assume is the case.

However, what I cannot explain is why two major infrastructure projects, namely TMX and Pacific Link, were undertaken in Canada using public funds. I do not understand why the oil and gas industry—which has generated record profits, some \$131 billion between 2021 and 2024, as I mentioned earlier—is unable to invest in its own infrastructure. Why is it the federal government, the Government of Alberta, or the public that must do so? Ordinary Canadians are effectively being asked to foot the bill for these infrastructure projects.

• (1155)

[English]

Lisa Baiton: I'll just restate that there are no direct subsidies on production or on consumption of oil and natural gas in Canada. I will also restate that through taxes and royalties, Canadian oil and gas producers have generated \$116 billion for governments across Canada over the last three years alone. That underpins a big part of our—

[Translation]

Mario Simard: I'm sorry to interrupt.

I understand that very well. I simply want to return to my question. I recognize that all sectors of economic activity pay taxes, contribute to the Canadian economy and help support public services, whether health care or education. The forestry sector, the aluminum sector and all other industries contribute to the Canadian economy. I fully understand that.

What I am asking is why an industry that is generating record profits is not in a position to—

[English]

The Chair: That's your time.

[Translation]

Mario Simard: Is it because the Canadian business environment is not sufficiently competitive? Why are these companies not able to finance their own infrastructure projects?

[English]

The Chair: I'll allow a quick answer, Ms. Baiton.

Lisa Baiton: Generally speaking, we should be looking for the most competitive, cumulative, federal, provincial and municipal fiscal and regulatory stack to attract capital so that those investments can be made.

The Chair: Thank you.

Thank you both.

We move to the vice-chair, Ms. Anstey.

Carol Anstey (Long Range Mountains, CPC): Thank you, Mr. Chair.

Thank you, Ms. Baiton. It's good to see you at committee.

Ms. Baiton, back in April, you said that Canada was still talking about an industrial carbon tax when no other producing and exporting nation does that to their producers. You mentioned the Bay du Nord project. We also had Jim Keating, CEO of the Oil and Gas Corporation of Newfoundland and Labrador, at the environment committee, where he talked about the complexity of our carbon pricing system.

We know that Equinor is moving towards a final investment decision. We know that BP has also sold out its interest to Equinor and that, potentially, they may be looking for more investors. From that perspective, and also given the companies you represent, what does that kind of complexity in our carbon pricing system mean when a company is deciding whether or not they're going to invest in Canada or potentially put their capital to work in other countries?

Lisa Baiton: Thank you for the question.

I would restate that Canada cumulatively—federally, provincially and municipally—needs to look at the fiscal and regulatory stack to see how it compares to where that capital can be deployed to any other producing region in the world and make sure that we're competitive for that capital, as the first point.

To your question about the industrial carbon tax, I would restate that the new industrial carbon tax improves on earlier proposed versions, yet it still represents a unique cost to Canadian oil and natural gas producers. If the collective goal is to diversify our economy

and grow energy exports, then we should not be adding costs, like an industrial carbon tax, to oil and gas production, when no other country that we directly compete with has done so.

To your climate change comment, I would say that Canada can grow its oil and natural gas production and exports in balance with its climate ambition. Producers have been exploring innovative solutions, like replacing tens of thousands of pneumatic valves to lower methane emissions; using drone satellites to monitor, detect and seal leaks in infrastructure; and working to scale carbon capture. We can export a lot of those technologies and advancements—

Carol Anstey: Thank you, Ms. Baiton.

Lisa Baiton: —and help other industries and countries to lower their emissions as well.

Carol Anstey: To put a final point on your comments around the industrial carbon tax, given the importance of the Bay du Nord project to Newfoundland and Labrador, I'm just wondering: What are your thoughts about the government potentially walking back on some of these policies and meeting this important moment for Newfoundland and Labrador on the final investment decision? Would you agree with that?

• (1200)

Lisa Baiton: I think all major projects are critical. It has been encouraging to see, particularly over the last year or year and a half, how the federal government and the provinces are working together to make sure that the entire system works from coast to coast.

Carol Anstey: I want to shift gears a bit. With respect to affordability from a household perspective and energy, Statistics Canada found that almost 14% of Newfoundland and Labrador households were spending at least 10% of their after-tax income on home energy, compared to 5.6% nationally—and 10% is considered to be energy poverty. For families in colder regions, affordability is already a serious concern. From the producer side, how do industrial carbon pricing costs affect the cost of supplying home heating fuel?

To what extent can those costs ultimately impact consumers, especially in a place like Newfoundland and Labrador, where 30% of our homes are heated by home heating fuel?

Lisa Baiton: I would just restate that it's a virtuous circle. If we get all the pillars right, if we get the investment capital and the regulatory and fiscal frameworks in place, and if we can start building, then it's going to benefit us not only by protecting our national sovereignty, our economic security and our energy security but also by helping with the economy.

Carol Anstey: Thank you.

The Chair: You have 10 seconds.

Carol Anstey: It's fine.

The Chair: Thanks, Ms. Anstey.

Our final speaker is Mr. St-Pierre.

You have the floor for five minutes.

Eric St-Pierre (Honoré-Mercier, Lib.): Thank you, Mr. Chair.

Mr. Jenkins, there was the Churchill Falls announcement that was made this summer, which my colleague Claude worked very hard on. It promises a lot of benefits for my province of Quebec and also for the riding of Long Range Mountains, which my Conservative colleagues are probably very excited about, because it's one of the largest clean energy projects in North American history. We're talking about two gigawatts of wind energy for the Innu community in Labrador and Quebec.

I'm curious: What is Indigenous Clean Energy's perspective on this massive clean energy project?

James Jenkins: Our perspective is that Quebec has had a strategy of trying to catalyze renewables for some time, and that has involved directly working with indigenous partners, in this case the Innu Nation, and we're very excited to see that come to fruition.

Again, these are the kinds of efforts that take place more at the provincial level and the utility level, but there are some levers that the federal government can use in this in terms of things like ITCs and some focused grants that allow groups like the Innu Nation to have the capacity to participate in a meaningful way.

It's one of many excellent examples of indigenous leadership in the space. That's our perspective on it as one that's taking place across the country. Quebec's approach to it has been somewhat different from that of many other regions, and this may be an example of it paying off.

Eric St-Pierre: That's great. Thank you.

I'm going to pick on my colleague from Winnipeg South. There's a really good project out of Manitoba run by Raven Indigenous Capital Partners.

Mr. Jenkins, you might be familiar with Jeff Cyr and his work in Manitoba with Aki Energy. They've installed geothermal energy in first nations communities to decarbonize the communities with what are called outcomes-based contracts.

I'd be curious, Mr. Jenkins, if you could comment on that type of model and how we can use energy efficiency to improve indigenous energy security and self-sufficiency. If you can quickly comment on those types of projects and how they are beneficial to first nations communities, that would be great.

James Jenkins: I'm happy to do that.

Often, capital isn't the issue for things like renewables or transmission, because they're highly bankable and electricity contracts are fairly risk-free compared to many other investments. Energy efficiency has been a tougher nut to crack, especially when it comes to indigenous energy efficiency. The Raven Capital model of allowing a long-term return on investment could be a way to replicate that at a more national scale. We are calling for ways to work with the federal government and other potential sources of capital to make that a reality for more communities.

There are a few other examples. We're strongly advocating for communities to enter into these partnerships with capital-based firms like Raven Capital and others. Our vision would be to replicate that on a national scale to make it available to many indigenous communities.

● (1205)

Eric St-Pierre: Quickly, can you give us another practical example of a model of energy self-sufficiency for first nations communities, something concrete that we can wrap our heads around?

James Jenkins: Pikwākanagān is currently looking at something similar north of Ottawa in Ontario that would include community-level new builds and retrofits. That's typically what the model looks like. There usually has to be some support from the public sector and some capital in place so that the model can take place over a longer term. There are a few other examples like that, where they're essentially project-ready but it is a deep retrofit that has that benefit for the entire community.

Eric St-Pierre: That's perfect.

I have one last quick question to throw in here.

What policy tools can our government adopt to help scale energy efficiency and clean energy projects in first nations communities?

James Jenkins: One policy tool would be to look at more flexible capital programs, as you mentioned. That seems to be the nearest opportunity because we're seeing some boutique examples of that taking place. Another could be grants. We've seen some jurisdictions have subsidies for energy efficiency. The U.S. had very large subsidies in place that recently sunsetted. That could be one way to unlock some potential, but again, the near term seems to be more flexibility around these capital programs.

The Chair: Thank you, Mr. St-Pierre.

Thank you, colleagues, for good questions and comments.

I give a big thank you to our witnesses for appearing before us today.

I want to thank Mr. St-Pierre and Mr. Patzer for inserting some Manitoba content. I thought of intervening, but I didn't need to because they were there for—

Corey Hogan: It was not as good as the Calgary content.

The Chair: —the keystone province of Manitoba.

Colleagues, we're going to pause for seven minutes while we prepare for the next panel.

Again, thank you to our witnesses.

• (1205) _____ (Pause) _____

• (1210)

• (1215)

The Chair: Colleagues, welcome back. We're back in session, and we will resume the meeting.

I'd like to welcome all of our witnesses. They are all appearing virtually today. As an individual, we have Thomas Walker, director, Institute for Sustainable Finance, and professor of finance, Concordia University. From Environmental Defence Canada, we have Emilia Belliveau, program manager, energy transition, and Julia Levin, associate director, national climate. From Friends of Science Society, we have Michelle Stirling, who is the communications manager.

Welcome to all of you.

All witnesses appearing virtually have conducted a mandatory onboarding test.

Let me make just a few comments for the benefit of our new witnesses: Please wait until I recognize you by name before speaking. I remind you that all comments should be addressed through the chair. You will each have five minutes for your opening remarks, after which we'll open the floor for questions.

We're going to start with you, Mr. Walker. You have the floor for five minutes.

Thomas Walker (Director, Institute for Sustainable Finance, Queen's University, and Professor of Finance, Concordia University, As an Individual): Thank you.

Mr. Chair and honourable members of the committee, thank you for inviting me today.

My name is Dr. Thomas Walker. I'm a professor of finance and director of the L. Jacques Ménard BMO centre for capital markets at Concordia University. I also serve on the scientific committee and as co-lead of the Volt-Age sustainable electrification program. Additionally, I serve as director at the institute for sustainable finance at Queen's University.

Earlier in this study, witnesses told this committee that doubling Canada's electricity grid by 2050 will cost between \$1 trillion and \$2 trillion. Governments and taxpayers cannot pay for this alone. The vast majority must come from private institutional investors, such as pension funds, insurers and banks. My written brief outlines four financial pillars to mobilize that private capital, which I will summarize today.

Pillar one focuses on the de-risking of private capital through blended finance, public-private partnerships and indigenous equity. Blended finance means using targeted public money to absorb early project risks so that pension funds can meet their fiduciary duties and invest at scale.

In March 2026, Parliament expanded the Canada Infrastructure Bank's capital envelope to \$45 billion. Deploying that balance sheet for first-loss loan guarantees, revenue insurance and public-private

partnerships lowers the risk for private lenders. Lower risk means lower interest rates and lower electricity bills for Canadian families.

A prime example of de-risking is indigenous equity financing. As the first—

[Translation]

Mario Simard: Mr. Chair, if I may, the pace needs to be slowed down if we want to keep the interpreters alive until this afternoon.

[English]

The Chair: Mr. Walker, I hope you heard that. Could you go at a slower pace? We've stopped your time, so you haven't lost any during this pause.

Please continue.

Thomas Walker: Thank you, Mr. Chair.

A prime example of de-risking is indigenous equity financing. As the First Nations Major Projects Coalition testified, backing loans with Canada's AAA credit rating solves the high borrowing costs that historically locked indigenous communities out of energy projects. Currently, an indigenous community seeking to finance a major project stake in a project has to navigate a maze of federal and provincial agencies. Offering these guarantees under a single agency would reduce delays and duplicate paperwork and turn first nations into true equity partners.

Pillar two calls for domestic securitization sovereignty. Securitization is when banks bundle thousands of individual loans for heat pumps, solar panels or large infrastructure investments into tradable bonds, freeing up cash to make new loans. While the word "securitization" may remind people of the 2008 financial crisis, infrastructure securitization is completely different. Data from Moody's shows that public-private infrastructure loans have a 10-year default rate of just 3.9%, and recovery rates of over 80%.

As a member of this committee recently noted, American banks actively resell clean energy loans, while Canadian banks remain hesitant. Meanwhile, China mobilizes over \$400 billion annually in green bonds and securitized assets. Canada must build its own domestic green securitization framework so that foreign platforms can never dictate which Canadian energy project gets financed.

Pillar three applies lessons from Germany and Europe on grid diversification and demand-side management. Having grown up in Germany myself, I saw first-hand how phasing out nuclear baseload power too early exposed German companies and households to price shocks, suggesting that Canada should draw on all energy sources to remain well diversified in its power generation.

We also need grid hardening against extreme weather events to lower utilities' insurance premiums and maintain credit ratings. Moreover, we should deploy capital towards demand-side management. Here, Germany's state development bank—the KfW—presents a world-class model, using automated digital approvals to fund energy efficiency retrofits that effectively cut winter peak demand.

Finally, pillar four focuses on ending greenhushing and on offering reliable climate data to investors. After Bill C-59 passed in 2024, firms producing 95% of Canadian oil sands output struck their public transition data overnight, while greenwashing complaints against Canadian banks jumped by 70%.

As the 2025 institute for sustainable finance study confirmed, legal ambiguity is chilling climate reporting. Even after the more recent Bill C-15, litigation risks and a reverse burden of proof remain as points of concern. Investors cannot fund our energy transition in the dark. They need data and firms willing to disclose them. Parliament should pair our emerging sustainable finance taxonomy with a legal safe harbour for corporate statements made in good faith so that honest businesses can report transition plans without a fear of lawsuits.

Thank you for your time. I welcome your questions.

• (1220)

The Chair: Thank you, Mr. Walker.

We go now to Ms. Belliveau and Ms. Levin. You have the floor for five minutes.

Emilia Belliveau (Program Manager, Energy Transition, Environmental Defence Canada): Good afternoon, and thank you to the committee for this opportunity to share the perspective of Environmental Defence on Canada's electrification, energy self-sufficiency and domestic energy future.

In general, Environmental Defence welcomes the Government of Canada's recognition that electrification is central to Canada's climate goals and its pursuit of energy and economic sovereignty. Canada's wind energy, solar energy and energy storage sectors will provide the power an electrifying and growing economy needs. However, we are deeply concerned that the strategy as presented risks entrenching Canada's dependence on fossil fuels rather than accelerating our transition away from them.

The discussion paper the government released earlier this year, “Powering Canada Strong: A National Strategy for an Electrified Canadian Economy”, positions natural gas as “strategic” and “essential” to Canada's electricity future. This is wrong on two counts. First, it's wrong as a matter of climate policy, and second, it's wrong as a matter of economics.

Canada's electricity sector is already approximately 80% non-emitting, a global advantage we must build on and not squander. The path forward must prioritize wind, solar, energy storage, demand-side management and grid modernization, not a prolonged reliance on natural gas justified by short-term cost or reliability concerns that can be directly addressed through clean alternatives.

In fact, surging emissions from gas-fired power plants, which have doubled in the last decade to 40 megatonnes in 2024, have al-

ready erased half of the gains made by cleaning up Canada's electricity sector by phasing out coal. Natural gas is a fossil fuel, most of which is fracked in Canada. A full life-cycle analysis of the emissions of natural gas, which is how its impact would be best measured, demonstrates that gas can be just as polluting as coal, given the huge volumes leaked in extraction and transit.

The latest data on the cost competitiveness of energy sources demonstrates that gas is more expensive than renewable energy, even when compared with renewables paired with battery storage. This was further supported by the outcomes of recent procurements in Ontario. Adding greenhouse gas abatement technology like carbon capture would only serve to make gas significantly more expensive while almost certainly failing to reduce emissions to near zero, which must be Canada's overarching goal.

Independent analysis from Environment and Climate Change Canada, which commissioned five modelling firms and was presented in October 2024, demonstrates that a near-zero-emissions electricity grid by 2035 is achievable and economically viable across most of Canada. The modelling shows that all scenarios result in substantial emissions reductions under the clean electricity regulations, with collective reductions ranging from 182 to 588 megatonnes of CO₂ equivalent between 2025 and 2050 across all five models.

The average cost of abatement across all models is \$58 per tonne over the 2025 to 2050 period, which is well within the range of cost-effective climate action and far below the social cost of carbon. All models built grids that respected the policy constraints of the CER without any rupture in the ability to supply energy and capacity. The modelling confirms that the primary driver of cost in achieving near-zero emissions is not the regulations themselves but the pace of transmission build-out and the availability of flexible resources like storage, interties and demand response. The answer to grid reliability concerns is more investment in clean flexibility, not more gas.

The proposed amendments to the clean electricity regulations, as articulated in Canada's discussion paper, represent a dangerous and unacceptable rollback of Canada's most important regulatory tool for grid decarbonization. If the government moves forward with these changes, it will undermine the regulatory certainty needed for clean energy investment, delay the transition away from fossil fuels and create serious stranded asset risk while damaging Canada's international climate credibility.

Canada has a diverse electricity supply mix, including one of the best hydro power resources in the world. Canada has other abundant clean energy resources, from solar to offshore wind and geothermal. Coupled with existing clean energy resources, they can be used to deliver the goal of a net-zero electricity grid. In fact, few other countries are better positioned to achieve this goal than Canada.

Once again, thank you for this opportunity. I look forward to your questions.

• (1225)

The Chair: Thank you, Ms. Belliveau.

We'll move on to Ms. Stirling for five minutes.

Michelle Stirling (Communications Manager, Friends of Science Society): Thank you for this invitation to speak with the committee.

The "Powering Canada Strong" policy paper suggests that building transmission lines between provinces will provide energy security, reliability and affordability.

Look at Europe. Belgium physicist Pierre Kunsch wrote in "Decarbonizing electricity in the European Union: A programmed failure demonstrated by the figures":

A full-scale laboratory has existed for about twenty years. It allows you to form an unbiased opinion of what is possible and what is not.

Spain and Portugal experienced national blackouts in April 2025 due to grid instability caused by renewables. Norway no longer wants to be the hydro battery of Europe. Germany has lots of wind and solar, but powers the country on domestic coal and on nuclear generation from France. Wind, solar and transmission lines have driven up electricity costs. Due to Germany's expensive electricity and lack of domestic energy, industry is collapsing and moving to the U.S. or China. Net zero is the pursuit of the impossible.

Like Europe, Canada's net-zero emission targets cannot be met with current technologies by 2030 or 2050, as clearly stated by professor emeritus Vaclav Smil in his seminar called "Energy Revolution". He calls it "more like a crawl".

In our recent open letter to banking regulators, we explained that the push for net zero was based on catastrophic climate scenarios, of which the best known is RCP 8.5. These scenarios were officially retired as implausible this spring, but Environment Canada still uses them in "CCCR 2026", misleading policy-makers. There is no climate emergency.

Likewise, there's no material supply chain or capacity to build out critical mineral mines to meet net zero, as shown by Professor Simon Michaux. At 2019 rates of production, it would take 189

years to mine sufficient copper and over 9,000 years to mine sufficient lithium. Is the solution to emissions to electrify everything?

The government's Sankey diagram shows that electricity meets only 18% of Canada's energy demand. Fossil fuels constitute 93% of domestic energy supply, and renewables only 7%. Can wind, solar and grid-scale batteries provide reliable, affordable power? At 2021 prices, the batteries needed for a reliable supply of electricity from wind and solar generators in Alberta alone would cost almost \$2 trillion.

Canada's seasonal weather extremes mean that solar and wind are often dead when additional power is needed most. Wind is not always blowing somewhere.

Wind and solar devices can operate reliably for about 15 to 20 years and grid-scale batteries for about 10 years. Then they must all be replaced, at about the same cost or greater. The old devices cannot easily be recycled, creating garbage dumps. Conventional power plants can operate for about 60 years, while hydro dams and nuclear generators can operate for about 100 years.

Canada and the U.S. rely on each other for north-south exchange of electricity. This provides excellent reliability for both nations. British Columbia's drought meant it has had to import about 20% of its power from the U.S. Due to Quebec's electrification of home heating and to drought, at times Hydro-Québec has found itself unable to export to U.S. markets. The cost of net zero for Quebec would be \$400,000 per citizen over the next 24 years.

Canada must build more conventional power generation. Transmission lines between provinces do not solve the problem; interties are useful for limited and specific exchanges of electrical power.

Europe is cited as a highly networked model. It is densely populated. In Canada, there's no city over one million people between Toronto and Calgary to underwrite the cost of transmission lines.

"Clean energy" is a misnomer. Wind, solar and batteries demand more energy and more critical minerals for manufacture. The emissions are in China, which runs on coal.

Hydrogen is touted as a solution, but the pitfalls, costs and dangers are many, and geothermal is limited by geology.

Thank you very much.

• (1230)

The Chair: Thank you to all of our witnesses.

We're now going to go on to questions and comments. We're going to start with Ms. Anstey for six minutes.

Carol Anstey: Thank you, Chair.

I'd like to start with Ms. Stirling. Thank you for your opening comments.

Ms. Stirling, wind and solar may be relatively quick to build, but the grid still has to provide electricity when the wind isn't blowing and the sun isn't shining.

I'm curious about your comments around who pays for the generation, storage and grid infrastructure needed to provide that reliability. Also, should those costs be included when governments tell Canadians what wind and solar actually cost?

Michelle Stirling: A lot of the renewable subsidies, of course, come from taxpayers. It looks like we're building out batteries, wind and solar, but that's actually being heavily subsidized in the background. Also, things like the ITCs are draws from the Canadian tax pool, so the full cost of wind and solar is almost never presented to the public.

Also, when you have a lot of wind and solar on the grid, you basically have to have equivalent conventional, reliable, dispatchable power. "Dispatchable" means you can turn it up and down. You can control it. There has to be a parallel system, and that adds a great deal of cost.

Also, the transmission lines for wind and solar are not used to their maximum potential. Wind has a capacity of about 30% and solar varies quite radically, but let's say it's around 15%.

Carol Anstey: You've also raised the difference in lifespan between wind and solar infrastructure and longer-lived assets such as hydro and conventional generation. Can something really be called a cheaper option if it has to be replaced multiple times over its life as the alternative?

Michelle Stirling: I don't think so, and I think most taxpayers would agree. If you can buy a refrigerator, for instance, that will run reliably for 20 years, rather than one that will run for three years, which is the preferential investment?

Look at it. If you put up a lot of wind and solar generation and then you have to replace it in 10 or 15 years, that's a huge sum of money, and it's also a big garbage dump. What are you going to do with all those unrecyclable things?

• (1235)

Carol Anstey: There's something else that you touched on, and I want to give you an opportunity to expand on it.

Government is putting major emphasis on building new transmission lines between provinces, but transmission lines only move electricity. They don't generate it. If electricity demand is expected to grow significantly, is there a risk in spending billions of dollars

to expand transmission without first making sure there is enough dependable generation available to supply that grid?

Michelle Stirling: That's correct. If you look at most provinces and most regions, you see that the province takes care of its own first.

Just imagine if we had a national transmission line from Quebec and Ontario, where there's nuclear and generally lots of hydro, and then you have one of those big winter storms in Quebec and Ontario and the other provinces had not built additional capacity. As Manitoba Hydro mentioned, they're kind of up to here. Would we have a national blackout, as Spain and Portugal did?

If you have redundancy and power generation within your own region and you also have sufficient interties to local neighbours, you can draw or contribute small portions. For instance, when we had the big polar vortex in Alberta in January a couple of years ago, we almost went to blackout, but Manitoba supplied a bit of power to Saskatchewan and Saskatchewan supplied a bit of power to Alberta, and that saved us from that cliff.

When you're transporting a lot of electricity, there are huge line losses. If you're transporting on an ultra-high-voltage DC line, which is what's used for wind and solar, you lose power at either end in the inverter in converting it to AC—alternating current—which is what the regular grid runs on. When you have long AC high-voltage lines, you lose transmission because of line losses from the resistance factor, which is an element of physics.

People have said that if we build wind west and have 66 gigawatts from offshore wind, we can supply 20% of the power to Canada. Well, you might only ever get 33 gigawatts of power out of it, with great difficulty, and with great difficulty for the power grid, because what are you going to do if there's a hurricane? What are you going to do if all that wind drops off? Where is the reliable backup to fill that gap?

Carol Anstey: Thank you so much.

I'd like to cede the rest of my time to my colleague, MP Ellis Ross.

The Chair: That's 30 seconds.

Ellis Ross (Skeena—Bulkley Valley, CPC): Thank you.

Ms. Stirling, with the 30 seconds, I have the one issue that nobody wants to talk about when we're talking about electrification, including solar and batteries, which need minerals, which need mines, which leave massive tailing ponds that can't be remediated. If they are remediated, it takes a long time and costs a lot of money, which most likely will end up leaving the onus on taxpayers.

Have there been any studies on how much it costs and what damage is going to be done, not only just in Canada but globally in terms of what tailing ponds do to our environment?

The Chair: Thank you.

Ms. Stirling, I'll give you 30 seconds to answer that.

Michelle Stirling: You can just look at the community of Baotou in China. They live in a toxic dump where all of the rare mineral processing has basically killed the landscape and is killing the people. Most of the "clean" materials that we get come from China.

The Chair: Thank you.

We're moving on to Mr. St-Pierre, who's going to be sharing his time with Mr. Saini.

Is that correct? Will it be three minutes and three minutes?

Eric St-Pierre: Yes, that's right. I'll be sharing my time with my fine colleague from British Columbia.

I'd also like to take this opportunity to thank the translators for their hard work. They've been working really hard, and I know there have been some issues. They're often working in the shadows, and I just want to thank them for their hard work.

Ms. Levin, thanks for joining us today. You just heard the testimony from the Friends of Science Society. I'm curious to know Environmental Defence Canada's perspective on what you've heard from the Friends of Science Society.

• (1240)

Julia Levin (Associate Director, National Climate, Environmental Defence Canada): Thank you for the question. I'll take a few seconds and then I'll pass it over to my colleague.

I think it's very important that we have a fact-based conversation around the pace of the energy transition and the costs, as well as the realities of the benefits that the energy transition is bringing to our peer countries around the world and the risks that Canada faces if we slow down on this energy transition.

The costs include the cost of fossil fuel infrastructure and the cost of the climate crisis. I think we can agree that we are in a climate crisis. As my colleague spoke to, we are seeing that the costs of solar and wind energy—paired with energy storage, paired with flexible grids and paired with the demand side—are vastly more affordable for Canadians. The industrial demand for clean energy is growing, to the point where you can attract foreign investment dollars only if you are supplying clean energy. Canada had a lead there, but with more natural gas on the grid, we are starting to go backwards and that's actually scaring away the foreign investment dollars that this government is keen to attract.

I'm glad we are worried about tailings, because the fossil fuel industry is the largest source of dangerous tailings. If we're worried

about communities, there are health studies for that. For example, for the Athabasca Chipewyan First Nation, there's currently a cancer study because of the impacts of the oil sands tailings on their communities, so let's have a holistic conversation about how fossil fuel infrastructure is harming communities across this country and is leading to the climate crisis. "Canada's Changing Climate Report" serves as a stark warning of the future that awaits us if we don't rapidly decarbonize.

Also, just because it was touched on, let's have a conversation about the scale of the subsidies to the fossil fuel industry. Over \$85 billion of federal money has gone to the fossil fuel industries in recent years. That number is set to increase with alarming new projects of national interest, but the renewable energy industry has received only a fraction of that support. We suggest strengthening the ITCs and the important measures that have been developed in budget 2026 to deliver those.

Eric St-Pierre: Thank you.

I have three minutes left, so I'll pass the floor to my colleague to ask his questions.

Gurbux Saini (Fleetwood—Port Kells, Lib.): I'm going to ask Mr. Thompson this question.

I was in Vancouver when the Prime Minister announced LNG phase two. A \$38-billion foreign investment came into Canada. It was a historic moment. Can you guide us on what else we can do to bring that type of investment into Canada?

Thomas Walker: You said, "Mr. Thompson". Was that question directed to me?

Gurbux Saini: Yes.

Thomas Walker: Thank you, Mr. Chair.

Let me stick to the line of argument we just had.

On the investment side, as was just said by Ms. Levin, there's a lot of pressure in the financial world for investors internationally and for pension funds to invest sustainably. I don't think we can ignore that. On the exporting side, it's similar. Let me also go to that side. If we want to export to Europe, for example—and I don't mean energy but products—the European Union will levy a tax on imported products that are not sustainably produced, so I think it is very important that we do look at clean energy.

How do we attract additional investors? We need data. That's one thing I mentioned earlier. We need reliable data and data disclosures. We also need a low cost of capital so that investors are attracted and companies want to invest in things. Finally, we need low risk, meaning government guarantees for specific projects as well as guarantees against future regulatory risks—for example, future carbon prices. We don't know what future governments will decide, but if future carbon prices change, then companies face large risks. That can be handled through so-called forward contracts or carbon contracts for difference, as we call them, that can lock in carbon prices. A plethora of tools are available.

I probably can't answer in a few seconds, but I hope that's at least started the conversation.

• (1245)

Gurbux Saini: On the same theme, we had a major economic summit in Toronto. The world came to it because they see Canada as a reliable partner to work with, and they're willing to invest half a trillion dollars.

Is that happening because of the government's great policy of being open for business?

Thomas Walker: Is the question directed at me, Mr. Chair?

The Chair: Yes, it is. Go ahead, Mr. Walker.

Thomas Walker: Do we see this coming? Yes, I think there is a lot of demand.

In terms of the geopolitical things—events and policies we've seen south of the border, and the current trade war—Canada has come more to the attention of Europe in terms of building our trade ties and investing, and also in diversifying from the energy crisis in Europe, which was mentioned earlier.

The Chair: Thank you. I'll have to stop you there, Mr. Walker. We're at the six-minute mark and we're going to go on to Monsieur Simard.

[Translation]

You have six minutes.

Mario Simard: Ms. Stirling, I am a strong believer in the exchange of views and ideas. It is through that process that our thinking sometimes evolves. Listening to you earlier certainly gave me food for thought, and it has left me with a few questions.

Before getting into the substance of the matter, I would like to clarify one point. Your presentation appears to run somewhat counter to the scientific consensus on energy that has been presented to this committee, and I have two or three quick questions for you.

Do you believe that fossil fuels produce greenhouse gas emissions and are, at least in part, responsible for climate change?

[English]

Michelle Stirling: Yes, they are partly responsible for global warming, and you can see a presentation by Professor William van Wijngaarden, who will demonstrate that it does not create a crisis.

[Translation]

Mario Simard: So you do not believe that fossil fuels are responsible for climate change. Forgive me, I just want to be sure I understand your position correctly.

[English]

Michelle Stirling: No, I said that they're partly responsible, but there are also other things that humans do, such as land diversion and water diversion—the James Bay dam, for instance.

[Translation]

Mario Simard: All right.

I'm curious: Who funds your organization? How do you establish the data that you presented to us earlier? Do you have a scientific director? Do you have staff responsible for conducting this type of analysis?

[English]

Michelle Stirling: We're funded by our members. We are funded by individual members. We're not funded by industry. In fact, in 2015 Ecojustice and several high-profile climate activists tried to have the Competition Bureau investigate us as an industry proxy. They did not find such evidence.

We do have a scientific director. Ken Gregory is our research director. He's a retired professional engineer. He has done a detailed analysis of decarbonization for the United States that is on our website. I can send you a link.

I also consult with Randy Stubbings, who's a retired professional engineer with 45 years of experience on the Alberta power grid, and with Professor Samuele Furfari, who was a former EU director and part of the directorate on energy for the EU for 26 years.

[Translation]

Mario Simard: Thank you.

I wouldn't say that you have necessarily taken shortcuts, but if I understood your testimony correctly, you stated earlier that equipment associated with intermittent energy sources, whether wind power or others, must be replaced every 20 years. That does not align with the testimony we've heard from experts in the field. I am thinking in particular of Professor Mousseau, academic director of the Trottier Energy Institute, a recognized authority on energy issues.

I find that somewhat surprising. I find it all the more surprising given that countries across the western world are moving at a rapid pace toward greater electrification. If your assessment is correct, then all of those countries are heading in the wrong direction and are committing themselves to an economic quagmire that will cost them a fortune. Either you are bringing forward good news that no one else has seen, or the position you are advancing runs counter to the scientific consensus upheld by individuals whose credibility is well established throughout the academic community.

Let me return to a point you made earlier. I am a Quebecker. I live in a province where hydroelectricity is the primary source of energy. That is precisely what makes Quebec attractive and encourages people, as well as energy-intensive industries, to establish themselves there. Hydroelectricity is such a draw that we are now struggling to keep up with demand.

In essence, what you are suggesting is that all of those people are mistaken because electrification does not work and because the distribution grid is prohibitively expensive. The people have to pay for that. Ultimately, it's taxpayers who pay for that infrastructure. I would simply point out that two pipelines are involved here. One of them, TMX, was built at a cost of \$34 billion. You and I paid for it through our taxes. The same thing is now happening with the pipeline project in Alberta. Once again, you and I will be paying for it through our taxes. Do you not see a disconnect between the argument you're making and the reality of the situation?

• (1250)

[English]

Michelle Stirling: I think there are a few things. You can look at Texas. There's a huge graveyard there for wind turbines. They're actually just burying wind turbines. You can look at Africa. Solar panels are being dumped there. You can look at Germany, where the largest solar farm has just gone bankrupt. Who's going to take care of all those dead solar panels?

With regard to TMX, you can look at what PPHB energy bankers, out of Houston, said at the time that Kinder Morgan stopped work on TMX. They said that Canada has become a country "hostile" to investment ever since the National Energy Board was turned upside down by the radical campaign against it by Ecojustice. The gold standard—which is what the NEB used to be—has been destroyed.

The Chair: Thank you both.

[Translation]

Mario Simard: Thank you.

[English]

Michelle Stirling: [Inaudible—Editor] the tar sands campaign.

The Chair: Okay.

Mr. Patzer, I believe you're up next for five minutes.

Jeremy Patzer: Thank you very much, Mr. Chair.

Yes, there's a lot of compelling conversation going on in this room today.

Unlike the majority of people who sit around this table, I actually did work for a wind company. I worked on a wind farm, and I can tell you that the companies base their life cycle on 20 years. They don't guarantee you anything beyond that. In fact, most of them shut down before that 20. Some go a bit longer. Then you have cases like those in California, where they just leave dilapidated infrastructure hanging. It's an eyesore. It's leaking all over the place and it's not producing. There are fire hazards.

There are all kinds of problems with the renewable industry as it is currently being set up. There's very little accountability. The

companies themselves base their sites on 20 years—nothing more than that. They will not guarantee anything other than that.

The cost recovery on that, when I was working in the industry, was 18 years to make your first dollar back on a 20-year wind farm. Your return on investment was a minimum of 18 years. That was with building in contingencies: replacing gearboxes and blades and also replacing gensets and things like that. It all depends a bit.... There are a lot of variables that go into it, but in the average wind company, when I worked in the industry, it was for 20 years, and 18 for a return on investment.

Let's just put that to rest here.

Ms. Sterling, you referenced the polar vortex in Alberta a couple of years ago. Let's talk a little about that.

Alberta is one of the provinces in this country that actually provides minute-by-minute reporting on where the grid is getting its power from. Do you remember what happened on the night that Alberta was facing blackouts?

• (1255)

Michelle Stirling: What generally happened was that we had built out about 30% of renewable power, but we had not kept up with the replacement of coal power plants or natural gas plants. Natural gas plants are not something you can turn on with a switch. It takes anywhere from two to eight hours to get a plant up and running at speed. In winter, that's further complicated by the fact that you have extreme cold outside, where the air intake is, and inside you are running at a very high temperature.

There was a combination of factors. The polar vortex moved in and parked itself over Alberta, the sun went down and the wind died off. We had about 6,000 megawatts of renewables on the grid. Suddenly, all of that vanished, and we did not have sufficient dispatchable gas power to compensate for that.

We had recognized this problem in the fall of 2022, when there were seven grid level three alerts. That's usually when either industry is going to be curtailed or consumers are going to face rolling blackouts—or, God forbid, you face a blackout. If a power grid goes down, it's very hard to get the whole thing up and running again. That's why this kind of provincial or regional attention to reliability and redundancy is so important, because it's not a situation that anyone wants to find themselves in. It's very hard. In Spain and Portugal, it took them over 12 hours to get their power grids back up. A number of people died, and the losses were massive for all industries.

Jeremy Patzer: I think something similar happened in Texas a few years prior in the winter as well. Did it not?

Michelle Stirling: Yes, that's correct. Texas has very limited connection to other local grids and they had electrified a lot of homes. A similar kind of polar storm moved in. It's not that common in Texas, but it does happen. Grids have to be designed for the maximum worst-case scenario, not the average.

There was a deficiency of electrical power from wind. It dropped off completely. At the same time, there were difficulties in getting some of the gas facilities up to standard. Yes, there was an element with the gas facilities, but not because they're not reliable. It was partly due to weather and partly due to the sudden drop-off of wind. Again, many people died. I think about 600 or 700 died.

Jeremy Patzer: Yes, it's absolutely tragic what is happening around the world when people aren't willing to deal in reality on how we need to heat our homes in the winter and also how we need to keep them cool in the summer.

Can you tell us a little more about some of the damage that paid activists have done over the years by trying to dump all over Canadian energy producers?

Michelle Stirling: I don't know if people are familiar with the tar sands campaign, but it started back in the 1990s. There were hundreds of international ENGOs that were activated by Corporate Ethics to block, defame and delegitimize Alberta oil. They were paid hundreds of billions of dollars.

We have five reports on our website. Four of them were done by Robert Lyman, who was a federal public servant for 27 years and a diplomat for 10 years. He showed that the top two environmental groups in Canada received more revenues between 2000 and 2018 than both of the major federal parties: the Liberals and the Conservatives.

The Chair: Thank you both.

Colleagues, we are not going to get to our last two speakers. I think I have the agreement of those who are on the list.

We have Mr. Danko for five minutes and then Monsieur Simard for 2.5 minutes.

We'll go over to you, Mr. Danko.

John-Paul Danko (Hamilton West—Ancaster—Dundas, Lib.): Thank you, Mr. Chair.

I come to this conversation with the understanding that electrification is inevitable. It's not an ideological choice. It's not a climate change issue. It's simply because electrification provides better services, is more user-friendly and is more affordable. The entire world is going in that direction, and the only question is this: Will Canada be in a leadership role, or is it going to follow, kicking and screaming?

I think it's clear that our government is investing heavily in electrification on the production side. We talked about wind west, with \$75 billion of investment and more, and about Churchill Falls, the largest clean energy investment ever in North America. In Ontario specifically, we're undergoing major nuclear refurbishments and investments right now at Darlington, Pickering and Bruce. In Hamilton, in my riding in particular, we've seen 100 years of industrialization that started based on electrified industry because of access to Niagara Falls' and St. Catharines' hydroelectric energy.

Mr. Walker, I do have a couple of questions for you. You answered them largely in the answers to my colleagues, but I invite you to make sure that you submit in particular your four pillars: blended finance, securitization, grid diversification and reliable cli-

mate data. Make sure you submit those in writing to this committee.

I'm going to move on to Ms. Belliveau and Ms. Levin from Environmental Defence.

You had some really interesting comments on affordability and reliability when it comes to electrification. I want to start with affordability. If we're talking about transportation, heating and industry—electrifying those three key sectors—what role does electrification play in making things more affordable for Canadians?

• (1300)

Emilia Belliveau: I can start us off.

Not only are electrified energy systems with a baseload from renewables the most cost-effective form of new energy generation, but also, when we're electrifying those end uses in transit, home heating and industry, we get to reap additional benefits. For example, in the vast majority of places in Canada, transitioning home heating from baseboard electric, home heating oil or other sources—natural gas included—to a heat pump will lower the cost for the consumer. We're seeing similarly that the long-term investment in electrification has payoff benefits quite early in the life cycle of those appliances. It's similar with EVs. They quickly become more affordable than gas-powered vehicles within, I think, five years off the lot.

That also means that you're not participating in the volatile price shocks that we see when you're relying on gas or natural gas for home heating. This is a way that we can see more money go back into Canadians' pockets and invest in a system that has long-term affordability in mind.

Maybe I'll pass it to Julia for the industrial side.

Julia Levin: Just to add to that, this is how we save Canadians hundreds of dollars each month and thousands of dollars each year. We help them get heat pumps. We help them make the switch to EVs. We are saving Canadians thousands of dollars. That's a real affordability issue, and the government has taken important steps, including just last Friday's, and I'd love to see more of that.

On grid reliability, because we're hearing a lot about it in Texas and Alberta, those are issues with the gas plants. Again, circling back to fact-based conversations, there is a real issue with too much reliance on gas leading to the blackouts we saw in Texas and Alberta. That's why we need interconnected grids. We need those interties between provinces, and we need battery storage to make sure we're not leaving ourselves vulnerable to gas, both on the price element and on the reliability element.

The Chair: Thank you both.

We are at time, Mr. Danko.

[*Translation*]

Mr. Simard, you have the floor for two and a half minutes.

Mario Simard: Thank you very much, Mr. Chair.

I would simply like to return briefly to the point that, as legislators, I believe we have a moral obligation to listen to science. Witnesses have told us at this committee that there's a scientific consensus that we need to make greater efforts toward electrification and that climate change is real.

You may recall, as I do, that in the 1980s certain scientists claimed that tobacco was not harmful to human health. We later came to understand the interests that motivated those claims. I'm not accusing anyone of anything, but I sometimes have the impression today that a similar effort is being made with respect to certain energy sources. I will leave that point aside and return to the matter before us.

Ms. Belliveau, and perhaps Mr. Walker as well, the federal government has announced its electrification plan. When we look at Quebec's energy mix, 40% of total energy consumption comes from hydroelectricity. Across Canada, electricity accounts for 17%. In China, it's 32%. The government's objective is to double that 17% share of the mix in Canada by 2050. Frankly, I don't find that particularly ambitious, since it would merely bring us to where China stands today.

I'd like to know whether you consider a doubling of that 17% share by 2050 to be an ambitious target. More importantly, I'd appreciate your views on the fact that achieving it will, in my opinion, require an effective carbon pricing policy. If you could provide the committee with your thoughts on what should be done with respect to carbon pricing, I believe that would be helpful to the committee.

[*English*]

Please, can you respond?

• (1305)

The Chair: Ms. Belliveau...?

Thomas Walker: Shall I jump in?

[*Translation*]

Mario Simard: Please go ahead, Mr. Walker.

[*English*]

Thomas Walker: I think one of the problems is, of course, that you can't shift within a short time frame, because you need to raise money first. You need to raise funds. You need to do all the necessary paperwork in a sense: for example, getting pension funds on board; offering first-loss guarantees; and indigenous involvement, which we talked about earlier. Then, of course, the building phase itself—the planning and building phase—of any structure takes a really long time.

I'm not an expert in this specific area, but I do know that things do take time. Is 2050 realistic or under-ambitious? Quite possibly—

The Chair: Thank you, Mr. Walker. I'm sorry to cut you off there.

I'll allow Ms. Belliveau a short comment, and then we'll have to wrap up this panel.

Emilia Belliveau: Absolutely, I think increasing our ambition around the speed at which we are participating in the energy transition, which is a global energy transition already well under way, is very important, not only for climate change but also so that the Canadian economy doesn't get left behind.

I will also add that it is important that we build things in the right way: respecting indigenous consent and following good environmental protocols so that the industries we are building up through this process are using the best practices in the world for recycling critical minerals, etc.

The Chair: Thank you, both.

Colleagues, thank you, and a big thank you to our witnesses again. I think you'll agree that we heard a range of views today. The analysts have been busy capturing all of that.

This is our final panel session on the energy security study. I would commend to our witnesses that if they want to send in a brief or send the committee additional information, that would be most welcome.

We appreciate your participation today.

Thank you, all. We are adjourned.

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